

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Mecosta County Parks Commission	County Mecosta
Fiscal Year End 12/31/06	Opinion Date 1/23/07	Date Audit Report Submitted to State February 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- | | | | | | |
|--|-----|----|---|---|--|
| <table border="0"> <tr> <td style="text-align: center;">YES</td> <td style="text-align: center;">NO</td> </tr> <tr> <td style="text-align: center;">☒</td> <td style="text-align: center;">☐</td> </tr> </table> | YES | NO | ☒ | ☐ | <p>Check each applicable box below. (See instructions for further detail.)</p> <ol style="list-style-type: none"> 1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary. 2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures. 3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury. 4. ☒ ☐ The local unit has adopted a budget for all required funds. 5. ☒ ☐ A public hearing on the budget was held in accordance with State statute. 6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division. 7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit. 8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements. 9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the <i>Bulletin for Audits of Local Units of Government in Michigan</i>, as revised (see Appendix H of Bulletin). 10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover. 11. ☒ ☐ The local unit is free of repeated comments from previous years. 12. ☒ ☐ The audit opinion is UNQUALIFIED. 13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP). 14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute. 15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely. |
| YES | NO | | | | |
| ☒ | ☐ | | | | |

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	☒		
The letter of Comments and Recommendations	☒		
Other (Describe)	☐		
Certified Public Accountant (Firm Name) Baird, Colter and Bishop, P.C.		Telephone Number 231-775-9789	
Street Address 134 West Harris Street		City Cadillac	State Zip MI 49601
Authorizing CPA Signature 		Printed Name Scott A. Hunter, C.P.A.	License Number 1101009890

MECOSTA COUNTY PARK COMMISSION

(A Component Unit of Mecosta County)

DECEMBER 31, 2006

MECOSTA COUNTY PARK COMMISSION

(A Component Unit of Mecosta County)

DECEMBER 31, 2006

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CERTIFIED PUBLIC ACCOUNTANTS

January 23, 2007

INDEPENDENT AUDITORS' REPORT

To the Members of the Board
Mecosta County Park Commission
Mecosta County, Michigan

We have audited the accompanying financial statements of the business-type activities of the Mecosta County Park Commission, a component unit of Mecosta County, Michigan, as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Park Commission's basic financial statements. These financial statements are the responsibility of the Mecosta County Park Commission's management, a component unit of Mecosta County, Michigan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Mecosta County Park Commission, as of December 31, 2006 and 2005, and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 5, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Mecosta County Park Commission, a component unit of Mecosta County, Michigan. The supplemental financial data is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental financial data has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

MECOSTA COUNTY PARK COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Park Commission's financial report presents management's overview and analysis of the Park Commission's financial performance for the fiscal year ended December 31, 2006. This section should be read in conjunction with the financial statements which follow this section.

Financial Highlights

- The assets of the Park Commission exceeded its liabilities at December 31, 2006, by \$1,604,364. Of this amount, \$1,218,986 represents net assets which are invested in capital assets.
- The Authority's total net assets decreased by \$19,233.
- The Authority remained free of long-term debt during the period.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Park Commission's basic financial statements. The notes to the financial statements also contain more detail on some of the information presented in the financial statements. The financial statements of the Park Commission report information about the Park Commission using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Assets presents information on all of the Park Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Park Commission is improving or deteriorating. The Statement of Revenues, Expenses and Changes in Net Assets presents information showing how the Park Commission's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are recorded in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused vacation leave).

Financial Analysis

The Commission's combined net assets decreased 1.18% from a year ago - decreasing from \$1,623,597 to \$1,604,364. The table below shows a comparison of the net assets as of the current and prior year:

MECOSTA COUNTY PARK COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Current Assets	\$ 482,463	\$ 553,742
Property, Plant and Equipment	2,675,172	2,540,739
Less: Accumulated Depreciation	<u>(1,456,186)</u>	<u>(1,351,997)</u>
TOTAL ASSETS	<u>\$ 1,701,449</u>	<u>\$ 1,742,484</u>
<u>LIABILITIES</u>		
Current Liabilities	\$ 81,821	\$ 101,749
Non-Current Liabilities	<u>15,264</u>	<u>17,138</u>
TOTAL LIABILITIES	\$ 97,085	\$ 118,887
<u>NET ASSETS</u>	<u>1,604,364</u>	<u>1,623,597</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,701,449</u>	<u>\$ 1,742,484</u>

The following table shows the changes in net assets as of the current and prior year:

	<u>2006</u>	<u>2005</u>
<u>OPERATING REVENUE</u>	\$ 943,478	\$ 929,556
<u>OPERATING EXPENSES</u>	<u>870,536</u>	<u>812,309</u>
Operating Income Before Depreciation	\$ 72,942	\$ 117,247
Depreciation	<u>(121,231)</u>	<u>(113,155)</u>
Operating Income (Loss)	<u>\$ (48,289)</u>	<u>\$ 4,092</u>
<u>NON-OPERATING REVENUE (EXPENSE)</u>	<u>\$ 29,056</u>	<u>\$ 15,841</u>
Income Before Capital Contributions	\$ (19,233)	\$ 19,933
Capital Contributions	<u>0</u>	<u>90,000</u>
Changes in Net Assets	\$ (19,233)	\$ 109,933
<u>NET ASSETS - Beginning of Year</u>	<u>1,623,597</u>	<u>1,513,664</u>
<u>NET ASSETS - End of Year</u>	<u>\$ 1,604,364</u>	<u>\$ 1,623,597</u>

MECOSTA COUNTY PARK COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

At the end of 2006, the Park Commission had \$2,675,172 invested in a broad range of capital assets, including buildings, land improvements and machinery and equipment.

Economic Factors and Future Outlook

In 2006 the Park Commission finished construction on the Brower Bathhouse that was partially funded through a \$90,000 grant received through the State of Michigan. In total the Park Commission invested over \$150,000 on a wide range of capital improvements.

Request for Information

This financial report is designed to provide a general overview of the Park Commission's finances. Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to the Mecosta County Park Commission, 22250 Northland Drive, Paris, Michigan 49338.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

COMPARATIVE STATEMENT OF NET ASSETS
DECEMBER 31,

	2006	2005
<u>ASSETS</u>		
Current Assets		
Petty Cash	\$ 100	\$ 100
Deposits with Financial Institutions	8,105	3,080
Investments with County of Mecosta	457,541	517,248
Accounts Receivable	2,520	3,292
Grants Receivable	9,000	25,927
Prepaid Expenses	5,197	4,095
	\$ 482,463	\$ 553,742
Property, Plant and Equipment		
Land Improvements	\$ 1,127,000	\$ 1,107,026
Buildings and Improvements	1,039,661	939,748
Machinery and Equipment	508,511	493,965
Less: Accumulated Depreciation	(1,456,186)	(1,351,997)
	\$ 1,218,986	\$ 1,188,742
	\$ 1,701,449	\$ 1,742,484
	\$ 1,701,449	\$ 1,742,484

The accompanying notes are an integral part of these financial statements.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

COMPARATIVE STATEMENT OF NET ASSETS
DECEMBER 31,

	2006	2005
<u>LIABILITIES</u>		
Current Liabilities		
Accounts Payable	\$ 32,588	\$ 50,190
Deferred Revenue	23,080	26,855
Accrued Payroll	9,371	7,510
Accrued Vacation and Sick Pay	16,782	17,194
Total Current Liabilities	\$ 81,821	\$ 101,749
Non-Current Liabilities		
Accrued Vacation and Sick Pay	15,264	17,138
TOTAL LIABILITIES	\$ 97,085	\$ 118,887
<u>NET ASSETS</u>		
Invested in Capital Assets	\$ 1,218,986	\$ 1,188,742
Unrestricted	385,378	434,855
Total Net Assets	\$ 1,604,364	\$ 1,623,597
TOTAL LIABILITIES AND NET ASSETS	\$ 1,701,449	\$ 1,742,484

The accompanying notes are an integral part of these financial statements.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

COMPARATIVE STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31,

	<u>2006</u>	<u>2005</u>
<u>OPERATING REVENUE</u>		
Charges for Services	\$ 943,478	\$ 929,556
<u>OPERATING EXPENSES</u>		
Personnel Services	\$ 593,321	\$ 584,826
Supplies	56,851	45,960
Other Services and Charges	220,364	181,523
TOTAL OPERATING EXPENSES	\$ 870,536	\$ 812,309
Operating Income Before Depreciation	\$ 72,942	\$ 117,247
Depreciation	(121,231)	(113,155)
Operating Income (Loss)	\$ (48,289)	\$ 4,092
<u>NON-OPERATING REVENUE (EXPENSE)</u>		
Interest Income	\$ 25,122	\$ 13,091
Sale of Supplies	1,276	720
Other Income	2,658	2,030
TOTAL NON-OPERATING REVENUE (EXPENSE)	\$ 29,056	\$ 15,841
Income (Loss) Before Capital Contributions	\$ (19,233)	\$ 19,933
Capital Contributions	0	90,000
Change in Net Assets	\$ (19,233)	\$ 109,933
<u>NET ASSETS</u> - Beginning of Year	1,623,597	1,513,664
<u>NET ASSETS</u> - End of Year	\$ 1,604,364	\$ 1,623,597

The accompanying notes are an integral part of these financial statements.

MECOSTA COUNTY PARK COMMISSION

(A Component Unit of Mecosta County)

COMPARATIVE STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31,

	<u>2006</u>	<u>2005</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 940,484	\$ 905,600
Cash Payments to Suppliers for Goods and Services	(295,928)	(184,020)
Cash Payments to Employees for Services	(593,746)	(588,562)
	<hr/>	<hr/>
Net Cash Provided (Used) for Operating Activities	\$ 50,810	\$ 133,018
	<hr/>	<hr/>
Cash Flows from Capital and Related Financing Activities:		
Acquisitions and Construction of Capital Assets	\$ (151,475)	\$ (394,599)
Other Revenue Received	3,934	2,750
	<hr/>	<hr/>
Net Cash Provided (Used) for Capital and Related Financing Activities	\$ (147,541)	\$ (391,849)
	<hr/>	<hr/>
Cash Flows from Investing Activities		
Interest on Investments	\$ 25,122	\$ 13,091
Proceeds from State Grants	16,927	64,073
Sale of Investments	59,707	182,142
	<hr/>	<hr/>
Net Cash Provided (Used) by Investing Activities	\$ 101,756	\$ 259,306
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 5,025	\$ 475
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	3,180	2,705
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 8,205	\$ 3,180
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

COMPARATIVE STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31,

	2006	2005
<u>RECONCILIATION OF OPERATING INCOME</u>		
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ (48,289)	\$ 4,092
Adjustments to reconcile Operating Income		
To Net Cash Provided by Operating Activities		
Depreciation	\$ 121,231	\$ 113,155
(Increase) Decrease in Current Assets		
Accounts Receivable	772	(1,174)
Prepaid Expense	(1,102)	8,836
Increase (Decrease) in Current Liabilities		
Accounts Payable	(17,602)	35,801
Due to Other Governments	0	(28,000)
Deferred Revenue	(3,775)	4,044
Accrued Payroll	1,861	(298)
Accrued Vacation and Sick Pay	(2,286)	(3,438)
Total Adjustments	\$ 99,099	\$ 128,926
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 50,810	\$ 133,018

The accompanying notes are an integral part of these financial statements.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Mecosta County Park Commission is a Component Unit of Mecosta County, Michigan, according to the criteria set forth by the Governmental Accounting Standards Board (GASB) Statement 14. The Commission is governed by a ten member board, appointed by the Mecosta County Commission.

The financial statements of Mecosta County Park Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Mecosta County Park Commission have been presented in accordance with generally accepted principles of accounting as applicable to Enterprise Funds. Enterprise Funds are a type of proprietary fund. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Park Commission applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

C. Assets, Liabilities and Equity

1. Inventory and Prepaid Items

The Park Commission does not maintain any inventory. Supply inventories are not significant and are expensed as acquired.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

2. Fixed Assets and Depreciation

Fixed assets are stated at cost. Contributed property is stated at fair market value at the date of receipt. Costs relating to maintenance and repairs are charged to expense, whereas those for renewals and betterments, when significant in amount, are capitalized.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

Depreciation of all exhaustible fixed assets used by Enterprise Funds is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and Land Improvements	10-40 years
Equipment	5-10 years

3. Compensated Absences

Using the criteria established in Governmental Accounting Standards Board (GASB) Statement 16, a liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the employer and employee should be accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the employer should be accounted for in the period those services are rendered or those events take place. Criteria for recognition of these two basic types of compensated absences are as follows:

- (a) Vacation and Similar Leave Absences - should be accrued as a liability as the benefits are earned by the employees if both of these conditions are met:
 - (i) The employees' rights to receive compensation are attributable to services already rendered.
 - (ii) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

- (b) Sick and Similar Leave Absences - should be accrued using one of the following termination approaches:
 - (i) Under the Termination Payment Method, a liability should be accrued as the benefits are earned by the employees if it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employee's termination or retirement.

 - (ii) Under the Vesting Method, a liability should be based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payment, as well as other employees who are expected to become eligible in the future to receive such payments.

Sick pay is accrued under the Termination Payment Method. It is the Park Commission's policy to permit employees to accumulate earned but unused sick and vacation pay. Amounts estimated to be payable within one year are shown as current liabilities and remaining amounts are classified as non-current liabilities.

At December 31, 2006 and 2005, the vacation and sick benefits accrued were \$32,046 and \$34,332 respectively.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

4. Deferred Revenue

Deferred Revenue is the amount of revenue received in the current year for future camping permits, picnic deposits, and family group camp. The amount is recorded as a liability on the statement of net assets. It will be recognized as revenue when it is earned.

II. DETAILED NOTES ON FUND

A. Deposits and Investments

Investment rate risk. The Park Commission will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Park Commission's cash requirement.

Foreign currency risk. The Park Commission is not authorized to invest in investments, which have this type of risk.

Credit risk. The Park Commission will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Park Commission's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the Park Commission will do business in accordance with the Park Commission's investment policy.

Concentration of credit risk. The Park Commission will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the Park Commission's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2006, the carrying amount of the Park Commission's deposits was \$8,205 and the bank balance of \$11,456 of which \$11,456 was covered by federal depository insurance and \$0 was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end the Park Commission held no investments.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

At year-end, the Park Commission's carrying amount of cash and investments was as follows:

	2006	2005
Petty Cash	\$ 100	\$ 100
Deposits with Financial Institutions		
Payroll Checking Account	\$ 1,549	\$ 1,549
Receiving Checking Accounts	5,200	200
Operations and Maintenance Account	1,356	1,331
Subtotal - Deposits with Financial Institutions	\$ 8,105	\$ 3,080
Deposits with County Treasurer	\$ 457,541	\$ 517,248
Total Carrying Amount	\$ 465,646	\$ 520,328

The Commission has \$457,541 of deposits with Mecosta County at December 31, 2006. The funds are held at various financial institutions and are invested in certificate of deposits. Interest is earned at varying rates depending on date of purchase and length of issue. Interest earned is based on the Park Commission's proportionate share of the total invested in the program. These deposits are not covered by federal depository insurance.

B. Property, Plant, and Equipment

A summary of the Property, Plant, and Equipment at December 31, 2006 follows. Depreciation has been provided over the estimated useful lives using the straight line method.

	December 31, 2005	Additions	Deletions	December 31, 2006
Land Improvements	\$ 1,107,026	\$ 19,974	\$ 0	\$ 1,127,000
Buildings and Improvements	939,748	100,534	621	1,039,661
Machinery and Equipment	493,965	30,967	16,421	508,511
	\$ 2,540,739	\$ 151,475	\$ 17,042	\$ 2,675,172
Less Accumulated Depreciation for:				
Improvements	\$ 716,314	\$ 31,595	\$ 0	\$ 747,909
Buildings and Improvements	302,751	45,427	621	347,557
Machinery and Equipment	332,932	44,209	16,421	360,720
Total Accumulated Depreciation	\$ 1,351,997	\$ 121,231	\$ 17,042	\$ 1,456,186
Net Property				
Plant and Equipment	\$ 1,188,742	\$ 30,244	\$ 0	\$ 1,218,986

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

	PURCHASED WITH COMMISSION FUNDS	ACQUIRED WITH GRANT FUNDS	TOTAL
Land Improvements	\$ 916,227	\$ 210,773	\$ 1,127,000
Building and Improvements	949,661	90,000	1,039,661
Machinery and Equipment	508,511	0	508,511
	<hr/>		
Total Cost	\$ 2,374,399	\$ 300,773	\$ 2,675,172
Less			
Accumulated Depreciation	(1,298,496)	(157,690)	(1,456,186)
	<hr/>		
Net Property, Plant and Equipment	\$ 1,075,903	\$ 143,083	\$ 1,218,986
	<hr/> <hr/>		

Depreciation expense recognized by the Commission totaled \$121,231 and \$113,155 for the years ended December 31, 2006 and 2005, respectively.

C. Commitments

1. Operating Leases

Mecosta County Park Commission leases the land for Brower Park. The Park Commission entered into a lease with Consumers Energy Company dated October 16, 1999 that extends from May 1, 1999 until May 1, 2024. Rent is paid annually and is to be based on an allocation of the annual expenses the Lessor expects to incur in administering the various leases, licenses, and license agreements that Lessor expects to have in place for its FERC - regulated hydro project lands. The rental amount currently is set at \$2,400 per year and shall be revised every fifth year during the term of the lease, based on projected data for the year of the revision.

The following is a schedule of the future minimum lease payments required under the operating lease which has initial or remaining noncancelable lease terms in excess of one year as of December 31, 2006. The amount for the year ended December 31, 2008 and after is subject to changes based on the agreement discussed above.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

<u>YEAR ENDED DECEMBER 31,</u>	<u>AMOUNT</u>
2007	\$ 2,400
2008	2,400
2009	2,400
2010	2,400
2011	2,400
2012-2016	12,000
2017-2021	12,000
2022-2024	7,200
	<hr style="border-top: 1px solid black;"/>
	\$ 43,200
	<hr style="border-top: 3px double black;"/>

2. Capital Improvement - Brower Park

According to the lease agreement with Consumers Energy Company for the land used for Brower Park, the Park Commission is required to contribute \$20,000 each year into a capital account. The cap on the amount contributed to the capital account is \$100,000. On each 5-year anniversary date of the lease, the annual capital account contribution shall be adjusted to reflect the change in the consumer price index.

Capital improvement expenditures at Brower Park reduce the balance in the capital account. As of December 31, 2006, the capital improvement expenditures have exceeded the required annual contributions to the capital account. Therefore, the balance in the capital account is negative so there is no bank account holding the balance. The following is a schedule of the activity in the capital account.

<u>YEAR ENDED DECEMBER 31,</u>	<u>ANNUAL</u>	<u>BROWER</u>	<u>CAPITAL</u>
	<u>CONTRIBUTION</u>	<u>PARK</u>	<u>ACCOUNT</u>
		<u>IMPROVEMENTS</u>	<u>BALANCE</u>
1997	\$ 20,000	\$ (25,718)	\$ (5,718)
1998	20,000	(190,419)	(176,137)
1999	20,000	(11,311)	(167,448)
2000	20,000	(129,654)	(277,102)
2001	20,000	(90,300)	(347,402)
2002	20,000	(29,368)	(356,770)
2003	20,000	(19,397)	(356,167)
2004	20,000	(31,050)	(367,217)
2005	20,000	(267,173)	(614,390)
2006	20,000	(57,086)	(651,476)
		<hr style="border-top: 1px solid black;"/>	
	\$ 200,000	\$ (851,476)	
		<hr style="border-top: 3px double black;"/>	

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

3. Retirement Commitments

Some of the Commission's employees are participants in the Michigan Municipal Employees Retirement System (MERS) through Mecosta County. This is an agent multiple-employer defined benefit pension plan administered by the State of Michigan. Separate information on funding status and progress for the Commission's employees is not available. Complete pension disclosures for the entire plan can be found in the comprehensive annual financial report of Mecosta County. Copies of the report are available at the County Offices. Pension expense was \$12,240 and \$11,426 for the years ended December 31, 2006 and 2005 respectively.

Beginning in 2004 most employees are no longer participants in the MERS program. They are now participants in a 401(a) defined contribution pension plan through ICMA Retirement Corporation. For the year ending December 31, 2006 and 2005, the Park Commission has contributed 9% of covered payroll which amounted to \$11,427 and \$10,697, respectively.

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Risk Management

The Commission is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The Commission is covered under Mecosta County's insurance policy to cover these risks. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission.

MECOSTA COUNTY PARK COMMISSION

(A Component Unit of Mecosta County)

SUPPLEMENTAL FINANCIAL DATA

COMBINING SCHEDULE OF REVENUE AND EXPENSES

YEAR ENDED DECEMBER 31, 2006

WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2005

	BROWER PARK	SCHOOL SECTION PARK	MERRILL PARK	PARIS PARK	TUBBS PARK	HAYMARSH CAMPGROUND	ADMINISTRATION	TOTALS (MEMORANDUM ONLY)	
								2006	2005
<u>OPERATING REVENUE</u>									
Charges for Services									
Camping	\$ 378,914	\$ 154,479	\$ 82,285	\$ 45,388	\$ 22,525	\$ 6,019	\$ 0	\$ 689,610	\$ 657,770
Boat Ramp Permits									
Daily Permits	8,245	0	0	664	0	0	0	8,909	8,439
Seasonal Permits	13,400	0	0	0	0	0	0	13,400	13,620
Admissions									
Daily Permits	24,195	22,995	3,550	1,510	0	0	0	52,250	54,300
3-Day Permits	7,042	3,934	994	2,688	0	0	0	14,658	19,068
Seasonal Permits	57,420	36,480	11,920	4,180	0	0	0	110,000	112,220
Youth Camp	0	11,795	0	0	0	0	0	11,795	16,662
Cash Over (Short)	(988)	(1)	40	(40)	0	0	0	(989)	(18)
Concession Revenue	17,498	9,150	5,296	3,242	0	0	0	35,186	38,106
Hatchery Lease	0	0	0	500	0	0	0	500	500
Paris Ponds	0	0	0	2,468	0	0	0	2,468	2,677
Picnic Reservations	0	2,575	550	1,050	0	0	0	4,175	4,700
Rental Income	16	0	0	0	0	0	1,500	1,516	1,512
TOTAL OPERATING REVENUE	\$ 505,742	\$ 241,407	\$ 104,635	\$ 61,650	\$ 22,525	\$ 6,019	\$ 1,500	\$ 943,478	\$ 929,556
<u>OPERATING EXPENSES</u>									
Personnel Services									
Salaries and Wages	\$ 112,077	\$ 84,061	\$ 51,003	\$ 35,533	\$ 917	\$ 60	\$ 160,043	\$ 443,694	\$ 438,950
Fringe Benefits and Payroll Tax	34,947	19,611	14,815	10,849	104	7	61,974	142,307	139,731
Employee Education and Other Employee Expenses	2,273	1,177	964	404	0	0	2,502	7,320	6,145
Supplies									
Office Supplies	4,390	745	223	65	121	121	2,406	8,071	10,417
Supplies	17,310	4,989	4,611	2,202	0	0	10,401	39,513	27,671
Concession Purchases	3,489	1,601	672	2,918	0	0	0	8,680	7,293
Small Tools	0	0	79	0	0	0	388	467	446
Radio Equipment	0	80	40	0	0	0	0	120	133
Other Services and Charges									
Freight and Postage	864	110	45	10	0	0	247	1,276	951
Licenses	199	399	200	200	0	0	0	998	3,164
Maintenance and Repairs	17,125	12,078	4,549	4,444	1,521	238	6,711	46,666	37,715
Waste Disposal	2,367	2,521	706	378	134	93	562	6,761	8,376
Outside Services	7,986	1,434	909	876	263	14	273	11,755	6,826

MECOSTA COUNTY PARK COMMISSION

(A Component Unit of Mecosta County)

SUPPLEMENTAL FINANCIAL DATA

COMBINING SCHEDULE OF REVENUE AND EXPENSES

YEAR ENDED DECEMBER 31, 2006

WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2005

	BROWER PARK	SCHOOL SECTION PARK	MERRILL PARK	PARIS PARK	TUBBS PARK	HAYMARSH CAMPGROUND	ADMINISTRATION	TOTALS (MEMORANDUM ONLY)	
								2006	2005
								Telephone	1,403
Mileage	802	0	0	0	0	0	2,247	3,049	3,556
Travel and Conferences	215	18	707	2	0	0	191	1,133	1,150
Advertising	4,253	1,292	200	73	0	0	2,533	8,351	6,685
Programs and Events	775	1,068	0	0	0	0	0	1,843	490
Insurance	17,056	2,007	803	201	0	0	0	20,067	16,925
Utilities	35,395	20,441	13,716	9,394	0	0	6,657	85,603	69,521
Contracted Maintenance	2,010	1,045	760	300	755	730	6,468	12,068	11,327
Equipment Rental	73	77	77	53	0	0	0	280	950
Miscellaneous	366	282	21	15	0	11	955	1,650	161
Refunds	1,990	1,884	950	417	0	0	0	5,241	4,471
Permits and Easements	5,450	0	0	0	0	0	0	5,450	2,400
TOTAL OPERATING EXPENSES	\$ 272,815	\$ 158,191	\$ 96,866	\$ 69,062	\$ 3,815	\$ 1,338	\$ 268,449	\$ 870,536	\$ 812,309
Operating Income (Loss)									
Before Depreciation	\$ 232,927	\$ 83,216	\$ 7,769	\$ (7,412)	\$ 18,710	\$ 4,681	\$ (266,949)	\$ 72,942	\$ 117,247
Depreciation	(54,706)	(18,158)	(12,121)	(10,536)	(504)	(228)	(24,978)	(121,231)	(113,155)
Operating Income (Loss)	\$ 178,221	\$ 65,058	\$ (4,352)	\$ (17,948)	\$ 18,206	\$ 4,453	\$ (291,927)	\$ (48,289)	\$ 4,092
NON-OPERATING REVENUE (EXPENSE)									
Interest Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,122	\$ 25,122	\$ 13,091
Sale of Supplies	0	0	0	145	0	0	1,131	1,276	720
Other Income (Expense)	1,355	270	260	320	0	0	453	2,658	2,030
Total Non-Operating Revenue (Expense)	\$ 1,355	\$ 270	\$ 260	\$ 465	\$ 0	\$ 0	\$ 26,706	\$ 29,056	\$ 15,841
Net Income (Loss) Before Administration/ Overhead Allocations	\$ 179,576	\$ 65,328	\$ (4,092)	\$ (17,483)	\$ 18,206	\$ 4,453	\$ (265,221)	\$ (19,233)	\$ 19,933
Allocated Revenue (Expense)									
Administration Revenue Allocation	\$ 23,037	\$ 2,710	\$ 1,084	\$ 271	\$ 0	\$ 0	\$ (27,102)	\$ 0	\$ 0
Overhead Expense Allocation	(245,035)	(28,828)	(11,531)	(2,883)	0	0	288,277	0	0
Total Allocated Revenue (Expense)	\$ (221,998)	\$ (26,118)	\$ (10,447)	\$ (2,612)	\$ 0	\$ 0	\$ 261,175	\$ 0	\$ 0
Income (Loss) Before Capital Contributions	\$ (42,422)	\$ 39,210	\$ (14,539)	\$ (20,095)	\$ 18,206	\$ 4,453	\$ (4,046)	\$ (19,233)	\$ 19,933

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MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

January 23, 2007

Mecosta County Park Commission
22250 Northland Drive
Paris, Michigan 49338

Dear Board Members:

We have completed our audit of the Mecosta County Park Commission financial statements, and are communicating to you our comments and recommendations for the year ended December 31, 2006. The following comments and recommendations are to be reviewed and considered when the Commission is implementing organizational and procedural changes.

I. Credit Card Policy

The park commission is currently using a credit card but has no credit card policy in place. We suggest that the commission adopt a credit card policy to strengthen internal control and comply with state law.

II. Reportable Condition on Internal Control

In planning and performing our audit of the financial statements of the Mecosta County Park Commission for the year ended December 31, 2006, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. However, we noted a certain matter that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The relatively small number of people involved in the accounting functions of the Commission make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is not a material weakness.

III. General Condition of Accounting Records

The accounting records were found to be in excellent condition. We would like to congratulate the accounting personnel for doing a good job and thank them for their efforts in accumulating the information needed for the audit.

We wish to thank the Board for their confidence in our firm, and the administration and staff for their cooperation and assistance in helping us complete this engagement. If you have any questions relative to the preceding comments and recommendations, or other areas of your annual audit, please feel free to contact us.

BAIRD, COTTER AND BISHOP, P. C.

Baird, Cotter & Bishop, P.C

BROWER PARK
MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

AUDITED SUPPLEMENTAL FINANCIAL DATA
COMPARATIVE STATEMENT OF REVENUE AND EXPENSES
DECEMBER 31, 2006

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CERTIFIED PUBLIC ACCOUNTANTS

January 23, 2007

INDEPENDENT AUDITORS' REPORT

To the Members of the Board
Mecosta County Park Commission
Mecosta County, Michigan

We have audited the financial statements of the business-type activities of the Mecosta County Park Commission, a component unit of Mecosta County, Michigan, as of and for the years ended December 31, 2006 and 2005, which comprise the Park Commission's basic financial statements and have expressed our unqualified opinion on those financial statements, dated January 23, 2007. We have also audited the accompanying Statement of Revenue and Expenses and selected information of Brower Park for the years ended December 31, 2006 and 2005. This statement and the selected information is the responsibility of the Park Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the Statement of Revenue and Expenses referred to above present fairly, in all material respects, the results of operations for the years ended December 31, 2006 and 2005, in conformity with accounting principles generally accepted in the United States of America.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

BROWER PARK
MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

COMPARATIVE STATEMENT OF REVENUE AND EXPENSES
DECEMBER 31,

	2006	2005
<u>OPERATING REVENUE</u>		
Charges for Services		
Camping	\$ 378,914	\$ 336,362
Boat Ramp Permits		
Daily Permits	8,245	7,700
Seasonal Permits	13,400	13,620
Admission		
Daily Permits	24,195	25,295
3-Day Permits	7,042	7,770
Seasonal Permits	57,420	60,780
Cash Over (Short)	(988)	(53)
Concession Revenue	17,498	21,362
Rental Income	16	12
	<u>\$ 505,742</u>	<u>\$ 472,848</u>
 <u>OPERATING EXPENSES</u>		
Personnel Services		
Salaries and Wages	\$ 112,077	\$ 108,578
Fringe Benefits and Payroll Tax	34,947	33,919
Employee Education and Other Employee Expense	2,273	3,023
Supplies		
Office Supplies	4,390	6,287
Supplies	17,310	14,943
Concession Purchases	3,489	3,170
Small Tools	0	21
Radio Equipment	0	15
Other Services and Charges		
Freight and Postage	864	638
Licenses	199	655
Maintenance and Repairs	17,125	12,740
Waste Disposal	2,367	2,923
Outside Services	7,986	4,776
Telephone	1,403	989
Mileage	802	577

BROWER PARK
MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

COMPARATIVE STATEMENT OF REVENUE AND EXPENSES
DECEMBER 31,

	<u>2006</u>	<u>2005</u>
Travel and Conferences	215	522
Advertising	4,253	3,993
Programs and Events	775	133
Insurance	17,056	14,387
Utilities	35,395	24,647
Contracted Maintenance	2,010	1,031
Equipment Rental	73	202
Miscellaneous	366	235
Refunds	1,990	516
Permits and Easements	5,450	2,400
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	\$ 272,815	\$ 241,320
	<hr/>	<hr/>
Operating Income (Loss) Before Depreciation	\$ 232,927	\$ 231,528
Depreciation	(54,706)	(47,418)
	<hr/>	<hr/>
Operating Income (Loss)	\$ 178,221	\$ 184,110
	<hr/>	<hr/>
<u>NON-OPERATING REVENUE (EXPENSE)</u>		
Other Income (Expense)	1,355	500
	<hr/>	<hr/>
Net Income (Loss) Before Administration Allocations	\$ 179,576	\$ 184,610
	<hr/>	<hr/>
<u>ALLOCATED REVENUE (EXPENSE)</u>		
Administration Revenue Allocation	\$ 23,037	\$ 13,363
Administration Expense Allocation	(245,035)	(242,527)
	<hr/>	<hr/>
Total Allocated Revenue (Expense)	\$ (221,998)	\$ (229,164)
	<hr/>	<hr/>
Income (Loss) Before Capital Contributions	\$ (42,422)	\$ (44,554)
	<hr/>	<hr/>
Capital Contributions	0	90,000
	<hr/>	<hr/>
CHANGE IN NET ASSETS	\$ (42,422)	\$ 45,446
	<hr/>	<hr/>

BROWER PARK
MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

SELECTED INFORMATION
DECEMBER 31, 2006

According to the lease agreement with Consumers Energy Company for the land used for Brower Park, the Park Commission is required to contribute \$20,000 each year into a capital account. The cap on the amount contributed to the capital account is \$100,000. On each 5-year anniversary date of the lease, the annual capital account contribution shall be adjusted to reflect the change in the consumer price index.

Capital improvement expenditures at Brower Park reduce the balance in the capital account. As of December 31, 2006, the capital improvement expenditures have exceeded the required annual contributions to the capital account. Therefore, the balance in the capital account is negative so there is no bank account holding the balance. The following is a schedule of the activity in the capital account.

<u>YEAR ENDED DECEMBER 31,</u>	<u>ANNUAL CONTRIBUTION</u>	<u>BROWER PARK CAPITAL IMPROVEMENTS</u>	<u>CAPITAL ACCOUNT BALANCE</u>
1997	\$ 20,000	\$ 25,718	\$ (5,718)
1998	20,000	190,419	(176,137)
1999	20,000	11,311	(167,448)
2000	20,000	129,654	(277,102)
2001	20,000	90,300	(347,402)
2002	20,000	29,368	(356,770)
2003	20,000	19,397	(356,167)
2004	20,000	31,050	(367,217)
2005	20,000	267,173	(614,390)
2006	<u>20,000</u>	<u>57,086</u>	<u>(651,476)</u>
	<u>\$ 200,000</u>	<u>\$ 851,476</u>	